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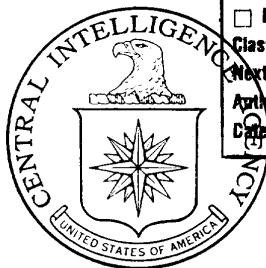
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23 December 1959

# CURRENT INTELLIGENCE WEEKLY SUMMARY

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

**PART I****OF IMMEDIATE INTEREST****EAST-WEST RELATIONS**

Moscow's initial reaction to the Western proposal for a summit conference on 27 April has been favorable. A Soviet broadcast on 21 December emphasized that the USSR has repeatedly endeavored to arrange such a meeting and that the letters from President Eisenhower, Prime Minister Macmillan, and President de Gaulle are a response to the USSR's initiative. This broadcast also strongly implied that a series of summit conferences will be acceptable to the USSR. The idea of "regular exchanges" of views by the leaders of the four powers was said to have been agreed on by Khrushchev in his talks with President Eisenhower and to have received the support of Prime Minister Macmillan.

The success of the first meeting, according to Moscow radio, will depend on the attitudes of the participants toward the problem of creating "mutual understanding" by eliminating the "remnants of the cold war." A Soviet broadcast claims that the question of an agenda is causing anxiety in London because of Adenauer's efforts to revive the Western peace plan presented at the Geneva foreign ministers' conference. All people of "common sense," the broadcast alleges, realize that the "groundlessness" of this plan was demonstrated at Geneva.

In assessing the Western summit meeting, Soviet propaganda comments have welcomed the desire for strengthening

peace expressed by the participants, while criticizing new evidence of the Western intention to preserve the "abnormal" occupation of Berlin. The Soviet press stressed that US-French differences had been carried over into the bilateral talks between De Gaulle and the President. The four Western leaders were also portrayed as "frantically" attempting to find an adequate response to Khrushchev's proposal for general disarmament.

Although Moscow has thus far failed to endorse claims by the East Germans that they will participate in the summit discussions on a peace treaty and Berlin, a Soviet broadcast on 15 December indicated that the USSR may be planning to raise this issue with the West. In a statement ridiculing Adenauer's rejection of participation even though he had not been invited, the Soviet commentator questioned whether one could be sure that the Germans would not be invited, particularly since both German representatives took part in the foreign ministers' conference.

Moscow's publication on 19 December of the text of Khrushchev's 15 October letter to Adenauer was an obvious maneuver to underline its contention, as the Western summit began, that a German peace treaty and Khrushchev's proposals for general disarmament will be principal issues at the East-West conference. Maintaining the moderate tone which

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

characterized his previous letter on 18 August to the chancellor, Khrushchev emphasized the inconsistency between Adenauer's support for disarmament and Bonn's policy of accepting foreign military bases and acquiring nuclear weapons. Khrushchev also reiterated the Soviet demand that a German peace treaty be concluded without delay and the occupation of West Berlin ended by setting up a free city.

In a possible hint that he would be receptive to an invitation to visit Bonn, Khrushchev stated that "a much fuller use could be made of the opportunity offered by the development of such forms of relations as contacts between public and political leaders, and scientific and cultural institutions of the USSR and the Federal Republic of Germany."

A Soviet Embassy official in Bonn reportedly told Western guests at a reception on 7 November that it would be "beneficial" to both the USSR and West Germany if Khrushchev were invited to visit the West German capital. Commenting on rumors circulating there in mid-November that Khrushchev might be invited after his visit to Paris, a West German Foreign Ministry official said that, while he had no indication such a visit was actually planned, he would not exclude the possibility in view of the source of the rumors.

Although Moscow's objective in releasing the text was probably to influence the Western deliberations, the Soviet leaders also apparently hoped to force Adenauer's hand on a

reply. 

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Soviet propaganda commentary on the NATO meetings criticized the reluctance to draw the proper conclusions from the "thaw" in international relations even though all of the Western leaders except Adenauer have been forced to recognize that a new situation exists. Moscow charged that NATO's efforts to integrate military forces and its failure to concentrate on the question of disarmament cannot be reconciled with professions of support for Khrushchev's proposal for universal disarmament.

The Soviet press claimed that, despite attempts to gloss over the serious contradictions among NATO members, these internal tensions have been played in sharper focus. Moscow cited various French papers as proof of its contention that American-French relations have become more acute. The Soviet press characterized the President's visit to France as marking his most difficult task since he began his tour. It said he was received in France "if not coldly, in any case with indifference." Top French leaders were pictured as particularly incensed over the communiqué issued by the President and Tunisia's Bourguiba, which Soviet commentators said only added to French discontent over the US refusal to support Paris in the UN debate on Algeria.

Moscow has yet to comment editorially on the President's tour. However, Pravda has used foreign press quotations

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

which reflect unfavorably on the trip. On 20 December a British press article criticizing American efforts to "save" the Franco dictatorship was reprinted in the Soviet press.

**Western Reactions**

European reaction to the Western meetings in Paris has been generally optimistic, although interpretations of future Western policies at an East-West meeting are varied. Chancellor Adenauer and West Berlin Mayor Brandt publicly welcomed the results of the Paris talks, which they, in contrast to the British, interpret to mean that the Western powers intend to return to their original peace plan as their basic negotiating position on Berlin, rather than beginning with their later proposal for an interim Berlin solution presented at the Geneva conference. The German press has pointed out, however, that despite outward appearances of agreement at Paris, obvious differences remain on how to deal with Berlin.

The French press generally expressed satisfaction with the outcome of the talks, particularly the selection of Paris as the site of the first East-West meeting. The conservative papers noted that although the bilateral French-American talks were cordial, the basic differences between the two coun-

tries have not been resolved. An eventual reconciliation was predicted, however, and some papers emphasized the need for Allied unity in the face of forthcoming meetings with Khrushchev.

In commenting on the President's visit to Tunis, the French press attached more importance to the opportunity for the President to view the extent of French influence in North Africa than to the substance of his talks with Bourguiba. Although some Frenchmen saw the communiqué following this visit as a possible veiled warning to France, it was received generally with relative calm. Reaction to the Moroccan visit, however, is expected to be less restrained.

The Swedish press, probably reflecting prevailing opinion in Scandinavia, claims the differences of opinion within the Western camp are too great to be overcome by reassuring communiqués and that many adjustments must be made before a united front can be achieved in a meeting with Khrushchev. Most papers blame De Gaulle's obstinacy for these differences and say he is more intent on improving France's great-power position than on lessening international tensions.

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**NUCLEAR TEST CESSATION TALKS**

Following the failure of the technical working group to reach agreement on the most important problems of detecting underground nuclear explosions, Moscow promptly moved to de-

emphasize the significance of the disagreement and to place the blame for the impasse on the United States.

At the last session of the political conference before the

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

Christmas recess on 19 December, chief Soviet delegate Tsarapkin stressed that the experts had agreed on all points except for "negative items" and that the work of drafting a comprehensive test ban treaty should not be "drowned in the doubts, speculations, and arguments" raised by the experts. He called on his Western colleagues to put aside "artificial difficulties" created by opponents of a test ban and accelerate the work of concluding a treaty.

Since the technical discussion began on 25 November, the Soviet delegation had apparently hoped that some compromise formula could be worked out to avoid an impasse on technical questions which might sidetrack Moscow's campaign to clear the way for focusing the negotiations on the Soviet proposal for solving the underground detection problem--an agreed number of on-site inspections each year.

The only point of agreement reached, however, was on possible improvements in the techniques and instrumentation for control posts. Throughout the talks, the Soviet experts resisted any conclusions based on new American information which would challenge the validity or feasibility of the control system recommended by the 1958 Geneva experts' report. They also sought to obtain Western agreement to a highly restrictive definition of which events would qualify as sufficiently "suspicious" to be eligible for on-site inspection.

The Soviet scientists charged that the United States was attempting to make eligible for inspections the "great

bulk of events," which would undermine the effectiveness of the control operation. Soviet experts also refused to agree with the American view that detection of underground tests could be evaded by conducting the tests inside a large cavern to muffle the shock.

In the final stages of the technical talks, the chief Soviet expert endeavored to prevent the inclusion of disagreements in the technical group's final report to the political conference. Failing this, however, he presented a long review of the Soviet technical position and charged that the American experts' "tendentious use of unilaterally acquired materials" was aimed at "undermining confidence in the control system."

He implied that the USSR is not interested in any further technical discussions on the underground detection problems and said the "broad scientific public" can now judge the merits of the opposing cases. He contended the best way to prove which side is right would be to study the "practical operating experience" of the control system recommended by the 1958 experts' conference.

Tsarapkin also charged that agreement was blocked by American experts who "alleged that it is not possible to devise an effective control system"--in contradiction to evidence furnished by the Soviet experts. He claimed that a treaty could be signed in two or three days "if those forces in the United States who want a speedy conclusion of a treaty prevail." He indicated that when the conference resumed its work on 12 January, priority should be

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

given to the Soviet "compromise proposal" of 14 December which linked the solutions for the problems of the composition of the control commission, the staffing of inspection posts, and the voting procedures on the budget.

Moscow's tactics seem to reflect concern that the United States and Britain may use the failure to reach agreement on the problem of underground detection as the basis for renewing pressure for a limited treaty confined, at least at the outset, to banning atmospheric, high-altitude, and underwater tests. The Soviet delegate has privately indicated that in the event of disagreement in the technical talks, the USSR might consider a phased treaty, but stressed that the "crux of the matter" must be an obligation to halt all tests at the beginning, regardless of the temporary nature of a ban on underground tests.

Moscow's first public account of the latest AEC underground experiments using conventional high explosives was clearly intended to leave the impression that the United States had resumed nuclear testing. Later reports, however, noted that conventional explosives were used in the experiments.

Premier Khrushchev may believe the impasse at the technical level calls for a fresh Soviet initiative designed to place the Western powers on the defensive and focus the debate on terms favorable to the USSR. He may take the opportunity of a recess in the talks to address new letters to President Eisenhower and Prime Minister Macmillan appealing for a settlement based on the concept of an annual quota of on-site inspections.

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**MIDDLE EAST HIGHLIGHTS****Iraq**

Anti-Communist elements in Iraq scored their greatest propaganda victory since the 1958 revolution when thousands of jumping and shouting peasants paraded ten hours before Prime Minister Qasim in Baghdad last week. Although organized by the leftist and anti-Communist National Democratic party (NDP),

which brought the paraders in from the Iraqi countryside on 18 December ostensibly as a display of "rejoicing" for Qasim's return to his duties, the parade was in fact designed to convey the idea that non-Communists, as well as the Communists, are capable of effective organization.

**SECRET**



**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

Despite strenuous Communist protests against holding the parade, the government facilitated NDP efforts by cutting rail fares in half for peasants from such distant points as Basra, Mosul, and Kirkuk and by giving the event widespread radio coverage. Military Governor General Abdi directed the route to be taken.

Qasim meanwhile has made another bid for popularity as the champion of the Palestinian Arabs by elaborating on earlier charges that Egypt and Jordan "sold out to the Zionists" during the Arab-Israeli war of 1948. Qasim reiterated his proposal for a Palestinian Arab state composed of portions of Palestine now held by Egypt and Jordan--the Gaza Strip and the west bank of the Jordan River. Carrying the campaign to the enemy, Baghdad radio has begun a new thirty-minute program entitled "The Voice of the UAR from Baghdad," aimed at "unmasking the reactionary aims of the UAR's leaders."

Suez Canal Dispute

Arab-Israeli differences, which recently became more acute when the Arabs reacted to Israel's Jordan River plans, now have focused again on the Suez Canal transit dispute. On 17 December Egyptian customs officials boarded the Greek freighter Astypalea at Port

Said and the following day asked the captain to unload his cargo of 400 tons of cement from Israel. UAR authorities reportedly have said that if the cargo is not discharged, the case will be "settled in court." If the cement is unloaded and confiscated or "detained," an Israeli complaint to the UN Security Council seems likely.

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Israeli Foreign Minister Meir has commented to the American Embassy in Tel Aviv that UN Secretary General Hammarskjold's "quiet diplomacy... gets us nowhere" and that the Israelis now are "back where we started." The Israelis suggested that deferment of final consideration of a \$56,500,000 International Bank for Reconstruction and Development (IBRD) loan to the UAR for canal development was in order, since it was "inconceivable" that action on the loan could be taken coincident with unloading of the Astypalea's cargo. The IBRD, however, granted the loan on 21 December.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

23 December 1959

## PART II

NOTES AND COMMENTS

## SOVIET-IRANIAN RELATIONS

The recent diplomatic exchanges between Moscow and Tehran over Iran's offer to give the USSR a written guarantee to prohibit foreign ballistic missile bases on Iranian territory have shown no progress. Iranian Ambassador Masud-Ansari saw Premier Khrushchev on 16 December in another effort to gain Soviet acceptance of the proposal made by the Shah in September as a basis for "normalizing" Soviet-Iranian relations and ending Communist bloc propaganda attacks on the Iranian Government. Khrushchev refused, however, and reiterated Moscow's position that any guarantee should cover foreign military bases of all types.

Apparently believing that the bloc's propaganda campaign against the Shah's regime will eventually soften Tehran's stand, he told Ansari that Radio Moscow's criticisms would continue.

In view of Khrushchev's stand and the Shah's refusal on several occasions to expand his original proposal in order to make it more acceptable to Moscow, the exchanges appear stymied. Foreign Minister Aram

stated on 18 December that he does not expect further negotiations, but he expressed concern over the effects of the bloc propaganda attacks. Soviet Ambassador Pegov departed for Moscow on 14 December, apparently to attend a Soviet party central committee meeting. While in Moscow, Pegov--whose return to Tehran in September after an extended absence was portrayed by Soviet officials as a concession to Iran--will discuss with the Foreign Ministry what approach the USSR might now adopt.

Radio Moscow is continuing its policy of criticizing the Iranian Government--especially Prime Minister Eqbal--and Iran's foreign and domestic policies. The tone of the clandestine "National Voice of Iran," however, appears recently to have become even more vicious in its attacks on the Shah and his government--usually referred to as a "coup d'etat regime." The clandestine radio has especially attacked the Shah's morals in commenting on his courtship and marriage, and has continued to issue occasional calls for the Shah's overthrow by the Iranian Army. 25X1

## MOROCCO

Friction between Moroccan King Mohamed V and Premier Ibrahim appears to have abated, and a governmental crisis does not

seem imminent. Tension flared between them last week when two leaders of the Leftist National Union of Popular Forces (UNFP)

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

were arrested on order of the King after the UNFP's newspaper Al Tahrir published articles critical of the King's entourage and of the police, which remain under the King's direct control. Neither the King nor Ibrahim wished a governmental crisis during President Eisenhower's visit, however, and their differences were smoothed over. Ibrahim apparently will accompany the King, as planned, on a month's tour of the Middle East beginning 7 January.

The King's absence from the country next month will provide a new opportunity for the UNFP to become embroiled with the crown prince, who probably will serve as regent, and rightist groups.

Having been the most insistent of any Moroccan group demanding the immediate evacuation of all foreign troops, including Americans, the UNFP may be critical of Ibrahim's agreement, announced on 22 December, to a prolonged phase-out over a four-year period of the American bases. The UNFP may consider that Ibrahim, whose foreign policy it endorsed at a National Council meeting on 6 December, has betrayed it. Thus leftist pressures for the resignation of Ibrahim may occur. If Ibrahim survives outcries over the base agreement and the pressures during the King's visit to the Middle East, his regime probably will endure until April, when the King reportedly intends to install a new government to oversee local elections now slated for May.

**LIBYAN OIL DEVELOPMENTS**

Despite a world surplus of crude oil productive capacity, Western oil companies, seeking an oil source west of the Suez Canal for Western Europe, are continuing their efforts to make Libya a major oil-producing country. Some wells there already promise to rival the best producers in the Persian Gulf, and three new pipelines are under consideration. Libyan oil may begin flowing to nearby European markets sometime in 1961.

Libya's petroleum law incorporating the 50/50 profit-sharing principle has attracted 15 Western companies, and others are negotiating for concession rights. The most recent new concession was granted to Italy's government-owned oil company--Ente Nazionale Idrocarburi (ENI)--which in December obtained an 11,583-square-mile concession in Cyrenaica on the Egyptian-Libyan border.

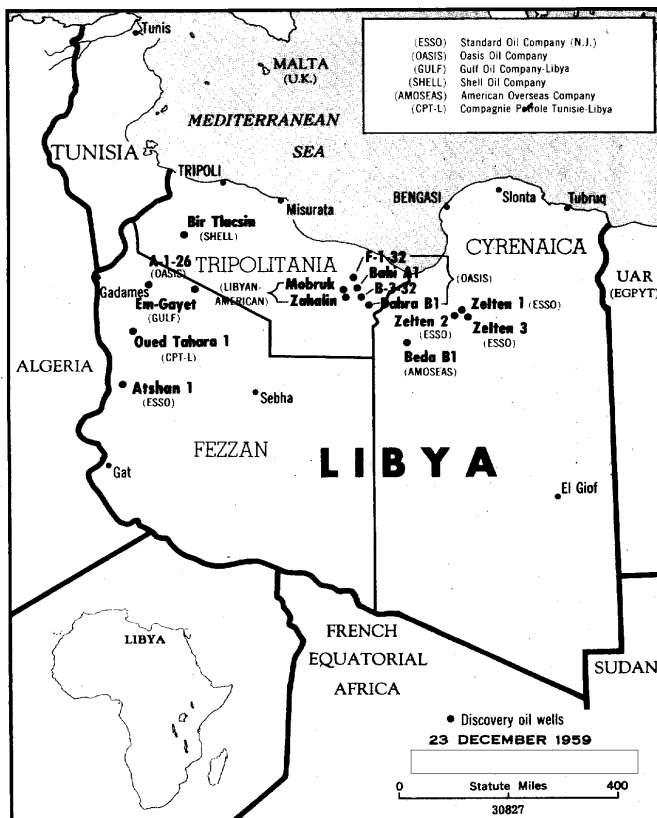
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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

ENI's controversial chief, Enrico Mattei, demonstrated his indifference to the 50/50 profit-sharing formula by giving the Libyan Government an option to buy 30 percent of ENI's Libyan operation and by offering other incentives which depart from the norm. Some two years ago Mattei failed in an attempt to gain property in Libya and publicly charged American and British oil companies with freezing him out.

Most Libyan crude oil is expected to sell at a higher price than other Middle East crudes because it is of relatively high quality and contains a large percentage of gasolines. This is a mixed blessing, however, since world demand, outside of the United States, is rising faster for the cheaper crudes which have a relatively high fuel-oil and relatively low gasoline content. This disadvantage probably is more than offset by the potential, high profitability of Libyan operations, which are favored by closeness to European markets and are not affected by costly Suez Canal and pipeline charges.



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Since world productive capacity is expanding at a much faster rate than consumption, the entry of Libya, and Algeria also, into European markets will mean a cutback in the expected growth of established Middle East producers. For example, Saudi output, although planned to expand slightly in 1960 and 1961, is expected to drop somewhat in 1962, as a result of Libyan and possibly Algerian production.

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**POLITICAL DEVELOPMENTS IN BRITISH EAST AFRICA**

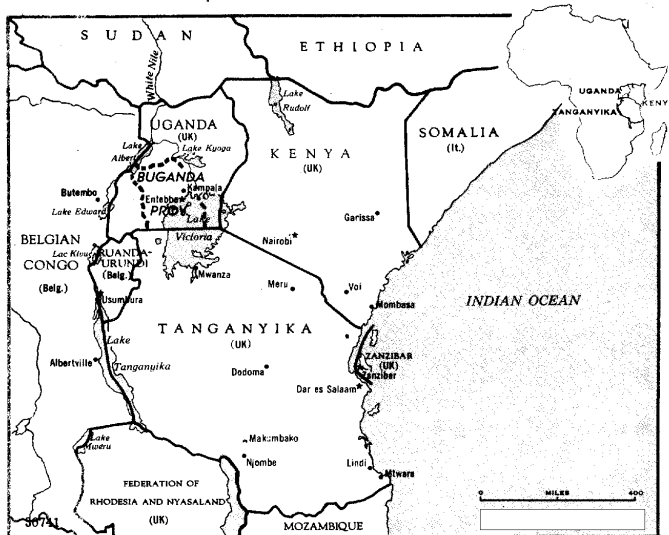
The recent scheduling of elections for an African-dominated Tanganyika legislature will probably accelerate the political evolution of British East Africa. Progress toward independence in Tanganyika, a

UN trust territory, has been facilitated by the absence of a powerful settler minority, as in Kenya, or of nearly autonomous local chiefs, as in Uganda. Tanganyika's nationalists have benefited additionally from the

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959



be made public, reportedly call for the early election of a Uganda legislature by universal suffrage and the formation of an African government in a manner similar to that outlined for Tanganyika.

London has not yet ruled on the commission's proposals. Their implementation would require the cooperation of the King of Buganda, and it is doubtful whether his previous unwillingness to participate

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in a protectorate assembly can be overcome without granting him extensive local autonomy.

moderate leadership of the head of the dominant Tanganyika African National Union (TANU), Julius Nyerere, who is expected to become chief minister in a cabinet to be formed after the elections next September.

In Kenya, nationalist leaders have mended, at least temporarily, a serious rift in African ranks in preparation for the forthcoming constitutional talks, scheduled to begin in London in January. Despite recent criticism of Tom Mboya by his nationalist colleagues, he is likely to be the primary spokesman for Kenya's Africans at the constitutional conference.

Mboya has stated that he is resigned to the imposition by the British of a constitution which falls short of African demands, but the British will probably meet some of the demands of Kenya's Africans. Possible concessions include an expanded voting franchise and an increase in the number of African seats on the legislative council. These concessions will be opposed by the influential and vocal European minority, which refuses to contemplate eventual African rule.

Moves toward self-government in Uganda continue to be impeded by the demands of the King of Buganda for independence for his province apart from the remainder of the protectorate. Uganda is also suffering from the cumulative effects to a ten-month African boycott of non-African goods--a campaign which has damaged the economy and strained relations between Asian merchants and the Africans. Nevertheless, recommendations by the Uganda Constitutional Commission, shortly to

25X1

25X1

**SECRET**

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25X1

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

25X1

**JAPANESE-SOVIET TRADE NEGOTIATIONS**

Negotiations now under way in Tokyo between Japan and the USSR seem likely to result in a three-year (1960-62) trade agreement increasing trade the first year to at least \$60,000,000 each way--50 percent over 1959. Moscow is seeking a \$250,000,000 credit to purchase Japanese industrial machinery and products during the three years and is trying to persuade Tokyo to accept payment in industrial raw materials over a longer period. The Japanese have abandoned some of their reserve toward trade with the USSR--now slightly more than one percent of their total trade--and are suggesting a compromise.

Preliminary talks between Japanese industrial representatives and a Soviet trade mission,

which preceded the official negotiating team to Japan, forecast to a considerable extent the outcome of the formal talks. Soviet efforts to acquire Japanese plants and technological information in exchange for future deliveries of coking coal and iron ore are being resisted by Japan's eight major iron and steel companies. The companies are willing to accept Sakhalin coal, but have rejected a proffered 550,000 metric tons of Kuznetsk coal as inferior in quality.

The outlook for Soviet iron ore shipments is even less favorable under present circumstances. The USSR, although offering Siberian iron ore for delivery beginning in 1964 to pay for prior purchases in

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

Japan, has denied the Japanese an opportunity to survey the deposits and is refusing requests for quality guarantees. The Soviet negotiators have proposed that the ore be shipped in pellet form to the Kawasaki Steel Corporation--the only Japanese company which can utilize pellet ore in blast furnace operations--in return for equipment for and technological information on such operations. The corporation has refused.

The USSR is making considerable headway in selling crude oil to Japan. Shipments from the Baku oil fields began in 1959, and a major Japanese petroleum company is reported planning to purchase some 600,000 tons of Soviet crude in 1960 because of quality and

price advantages. American petroleum interests in Japan are becoming seriously concerned about such purchases, although it is believed these would be in addition to current imports.

Japanese authorities are unwilling to defer Soviet payments up to the amount or period sought by the USSR. However, there are indications that the Japan Export-Import Bank, which handles most of Japan's medium-term trade financing, is prepared to finance \$100,000,000 worth of trade over a three-year period. As such, and in view of the substantial increase in Soviet-Japanese trade since their first trade agreement was signed two years ago, a three-year trade agreement appears likely.

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**NORTH KOREA OUTLINES ECONOMIC PROGRAM FOR 1960**

A plenary session of the North Korean party central committee has approved the designation of 1960 as a "buffer period"--or breathing spell--in economic development to allow for consolidation of the gains made through 1959. Industrial output is scheduled to increase 12.5 percent, compared with the 50 percent anticipated by the regime for this year. The regime has set aside "a great portion" of state investment for the purpose of maintaining and repairing existing facilities.

Agriculture and living standards--sectors which have been neglected during the period of accelerated industrial development since 1957--are to receive major emphasis next year. Premier Kim Il-sung announced in November that mechanization of agriculture would be a

priority policy, and the plan approved by the December plenum calls for "concerted efforts" to this end and for an increase of 256 percent in the production of farm machines.

The regime hopes through mechanization to increase agricultural output, consolidate the system of rural collectives, and bring the level of agricultural development more into balance with that of industry. It is doubtful whether mechanization would do much to increase output, but such a program should enhance the role of rural collectives by taking fuller advantage of their larger size.

The greatest benefit to the economy from mechanization would be an increase in the efficiency of farm labor. North Korea, with only 9,000,000

**SECRET**



**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

people, has a chronic labor shortage, and any increment to rural labor productivity would ease this, whether the labor released were used in other farm tasks or diverted to industry. The regime intends for the present to concentrate on increasing the number of animal-powered farm machines and to proceed more slowly with the introduction of motorized equipment.

Living standards also will benefit from the 1960 program. State investment in the construction of housing is to be double that for 1959, and the plan approved by the plenum calls for the construction of urban housing for 81,500 families. There is also to be "extensive" construction of welfare facilities such as nurseries, kindergartens, and public bathhouses.

There has been no indication, however, that the regime intends any major shift away from the relative priority accorded industry. The plenum affirmed

that the "basic line" of the party on economic construction will be maintained. As to value of industrial output, that of producer goods is planned to increase 15.1 percent and that of consumer goods 9.6 percent.

The policy of having local industry shoulder more of the responsibility for turning out consumer goods is to continue. The proportion of the total output of consumer goods accounted for by local industry, expected to reach 45 percent at the end of this year, is to be 54 percent in 1960.

It is officially claimed that the First Five-Year Plan (1957-61) has been completed this year, two years ahead of schedule. There is considerable reason to doubt the accuracy of this claim, particularly as Pyongyang itself has complained of exaggerated production reports from local levels. (Prepared by ORR)

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**SOVIET SCHOOL ENROLLMENT RATES DECLINE**

Detailed information on school enrollment recently released by the USSR indicates that the school attendance rate among youths of ages 14 through 24 has dropped sharply since 1955, although the population in this age group has remained nearly constant. Most of the decline has been in day-school attendance in grades eight through ten; enrollment in higher educational institutions has remained fairly steady.

This decline has helped make possible a continuing expansion of the Soviet labor force during a period of relatively tight labor supply

resulting from low birth rates during World War II. Several million additional teen-agers have already become available for work. Should this trend continue into the early 1960s --as seems likely--teen-agers will provide a large part of the necessary additional labor during the period when the labor shortage will be most acute.

The number of day-school students in all secondary schools and colleges decreased 28 percent between 1955 and 1958. Since the number of persons in the age group primarily affected remained approximately the same, the proportion of that

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

**USSR: POPULATION AND SCHOOL ENROLLMENT AGES 14 AND OVER**  
(MILLIONS)

YEAR	POPULATION (1 JULY)	ANNUAL INCREASE	POPULATION NOT ENROLLED IN DAY SCHOOL	ANNUAL INCREASE	URBAN CIVILIAN LABOR FORCE	ANNUAL INCREASE
1950	128.2	.	123.9	.	37.1	.
1953	138.1	3.3	130.2	2.1	41.3	1.4
1955	143.9	2.9	134.7	2.3	44.0	1.4
1956	146.4	2.5	137.3	2.6	45.6	1.6
1957	148.4	2.0	140.2	2.9	47.6	2.0
1958	149.8	1.4	143.2	3.0	49.6	2.0

91221 2B

23 DECEMBER 1959

\*Annual averages. Includes workers and employees in nonagricultural activities plus members of artisans' cooperatives.

**USSR: POPULATION AND SCHOOL ENROLLMENT AGES 14-24**

YEAR	POPULATION 14-24 YEARS (MILLIONS)	DAY-SCHOOL ENROLLMENT (MILLIONS)				DAY-SCHOOL ENROLLMENT AS PERCENT OF POPULATION
		TOTAL	GRADES 8-10	LABOR RESERVE SCHOOLS	HIGHER EDUCATION	
1950	40.1	4.3	1.5	0.9	1.9	10.7
1953	40.7	7.9	4.5	1.0	2.4	19.4
1955	41.2	9.2	5.2	1.4	2.6	22.3
1956	41.7	9.0	5.0	1.4	2.6	21.6
1957	41.9	8.2	4.4	1.4	2.4	19.6
1958	41.7	6.6	3.4	0.9	2.3	15.8

91221 2A

23 DECEMBER 1959

Population as of 1 July; school enrollment as of September.

\* And specialized secondary schools.

group enrolled in school fell from 22.3 percent to 15.8 percent. This contrasts markedly with the sharp rise during the 1950-55 period, when both the number of students and the proportion of the age group enrolled more than doubled.

The sharp decline since 1955 is the consequence of deliberate government policies relative both to education and to the labor force--among them the six-hour workday for 16- and 17-year olds, the boost in the minimum wage, mandatory employment quotas for teen-agers

laid on factory managers, and admissions policies which have limited opportunities for a higher education. The limitation of opportunities for a higher education must have disillusioned many students who might otherwise have completed secondary school, and it must have induced even more to leave school after completing the compulsory seven years.

At the behest of Khrushchev, a reorganization of the Soviet educational system was inaugurated in the current (1959-60) school year. Briefly, it provides for (1) an extension of the period of compulsory education from seven to eight years; (2) replacement of the existing three-year

academic secondary schools with three-year vocational-academic schools where students will work part-time; and (3) a great expansion of night schools, extension courses, and work-study programs at the secondary and university levels. Its inauguration following a three-year period of declining rates of school enrollment in secondary schools and colleges indicates that Soviet leaders do not intend to reverse the downward trend insofar as daytime enrollment is concerned.

(Prepared by ORR)

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**BULGARIAN ECONOMIC ORGANIZATIONAL CHANGES**

The Bulgarian regime, faced with problems arising out of last spring's government reorganization, as well as long-

standing internal difficulties in the economy, has decreed a number of changes in the organization and composition of

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CURRENT INTELLIGENCE WEEKLY SUMMARY

23 December 1959

25X1

leading party and government bodies. These changes will strengthen the party's control over and improve the operation of the economy.

The program of economic acceleration, introduced by party First Secretary Todor Zhivkov

Meeting in plenary session on 8 and 9 December, the central committee discussed the economic plan for 1960 and proposed changes which were approved by the National Assembly at its meeting

SIGNIFICANT CHANGES IN BULGARIAN REGIME

Party Secretariat		Council of Ministers	
Old	New	Old	New
Todor Zhivkov	Todor Zhivkov	Rayko Damyanov	Rayko Damyanov
Boyan Bulgaranov	Boyan Bulgaranov	Georgi Traykov	Georgi Traykov
Mitko Grigorov	Mitko Grigorov	Vulko Chervenkov	Vulko Chervenkov
Pencho Kubadinsky	Pencho Kubadinsky	Ivan Mikhailov	Ivan Mikhailov
Stanko Todorov			Stanko Todorov
	Boris Velchev		Zhivko Zhivkov
	Tano Tsolov		Kimon Georgiev

Ministries & Committees

OLD		NEW	
State Planning Commission	Rusi Khristozov	Stanko Todorov	
Committee for Industry & Technical Progress	Tano Tsolov	Committee for Industry	Atanas Dimitrov
Committee for Construction & Architecture	Kimon Georgiev	Committee for Technical Progress	Stoyan Karadzhov
Ministry of Trade	Rayko Damyanov	Committee for Construction	Stoyan Gyurov
		Committee for Architecture & Town Planning	Marin Greshnov
		Ministry of Internal Trade	Rusi Khristozov
		Ministry of Foreign Trade	Georgi Kumbiliev

91215 2

23 DECEMBER 1959

in October 1958, has evidently been hampered by organizational weaknesses and, in some cases, by opposition or interference by certain party officials. Politburo member Boris Taskov was ousted last April for opposing the "leap forward."

on 21 December. The most significant alterations concern areas of the economy which have been under the most severe criticism during the past year: internal distribution, construction, industrial development, and technological application. The Committee for Industry and Technical Progress, the Committee for Construction and Architecture--both attached to the Council of Ministers--and the Ministry of Trade were split by the reorganization.

SECRET

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959



ZHIVKOV

Three new deputy chairmen were named to the Council of Ministers. Two of these, Kimon Georgiev and Zhivko Zhivkov, once had held ministerial or committee posts; the third--Stanko Todorov, a 39-year-old rising star in the party--was also named head of the State Planning Commission. Thus Sofia, following a pattern in other satellites, is establishing closer control over the economy by creating an "inner ministerium" to help formulate top policy.

Another change, the transfer of Tano Tsolov, an expert on industry, from the head of the defunct Committee for Industry and Technical Progress to the party secretariat, suggests that high-level direction will also be given to regime efforts in this sector. Rusi Khristozov, a specialist on internal distribution, has been replaced as planning head by Todorov and named head of the new Ministry of Internal Trade. New appointments of other new chiefs and deputy chiefs of ministerial-level bodies were drawn from the ranks of party old-timers and the district party organizations. Their professional qualifications

are not known, but they appear to be supporters of Todor Zhivkov.

The key party personnel changes appear to lend Zhivkov added support in high regime circles. Todorov was appointed alternate member of the politburo, and Boris Velchev, party first secretary of Sofia District, and Tsolov were added to the party secretariat. All three are considered Zhivkov supporters.

Although Todorov was relieved as a party secretary, his new assignments indicate that he has been promoted. Four of Zhivkov's five deputy secretaries have been appointed either at or since the seventh party congress in June 1958, and are responsive to his direction. The nine full members of the politburo in office prior to this plenum remain.

The elevation of Stoyan Gyurov as head of the Committee for Construction and Georgi Kumbiliev as minister of foreign trade suggests a continued balance of power in the politburo. Both Gyurov and Kumbiliev hold high military rank



TSOLOV

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

and have been associated with politburo member and Minister of Interior Georgi Tsankov.

The planned changes should strengthen party boss Zhivkov in his efforts to implement economic policies. Nevertheless, over-ambitious planning--if it continues to be reflected in the 1960 plan--will perpetuate chronic problems and thus plague

the regime unless Soviet aid and assistance is forthcoming.

(Concurred in by ORR)

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**WEST GERMAN ATTITUDES TOWARD FRANCE**

De Gaulle's approach to NATO questions has aroused concern in the West German press and even within the government over Bonn's close ties with Paris, but Chancellor Adenauer has told his associates that such ties are imperative for West German security. Arguing that sooner or later American military forces will withdraw from Europe, the chancellor concurs in De Gaulle's contention that Europeans must eventually control their own retaliatory weapons.

The press has attacked Germany's "slavish" support of De Gaulle, and insisted that this must not be allowed to impair Bonn's ties with the United States and NATO. Defense Minister Strauss has publicly asserted that NATO integration must continue and has called on member states to fulfill their commitments.

Adenauer told his cabinet on 4 December that NATO must remain the chief bulwark of European security, since Europe would not be able to defend

itself for the indefinite future without large-scale American assistance. In recent weeks, however, Adenauer is reported to have confided to close advisers on several occasions that he fears the United States is preparing for a military withdrawal from Europe and that Germany must begin preparing itself to meet such an eventuality.

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American Embassy officials have commented that Adenauer may be interested in the creation of a nuclear capability of "NATO as such" or possibly the possession and control of nuclear weapons by the Western European Union (WEU) or "the Six." Similar fears of American withdrawal from Europe, or of American reluctance to use its nuclear capability in a limited war situation, are believed to have prompted the

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

25X1

assembly of the WEU recently to adopt a resolution recommending that a European strategic nuclear force be created as an independent deterrent.

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**SOUTH TIROL**

The perennial dispute between Vienna and Rome over the German-speaking minority in the Italian South Tirol is further than ever from solution. The Italian Government shows no disposition to make any real concessions to the demands for South Tirolean autonomy, the Austrian coalition is under increasing pressures to produce results, and there are frequent reports--primarily from Austrian sources--that violence in the area is imminent.

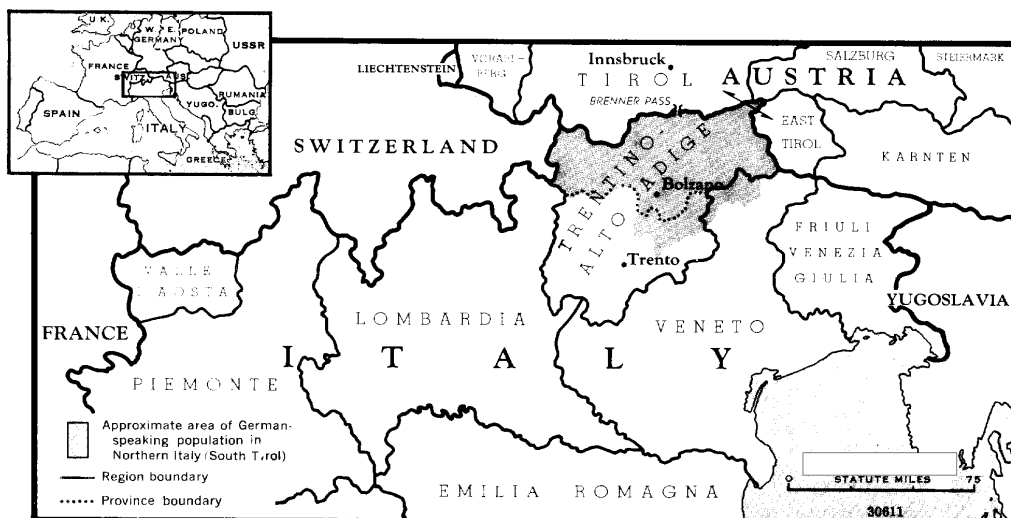
There is increasing likelihood that talks between the two countries may shortly be broken off. These talks have centered on "minimal" Austrian demands that South Tirol proper be given full regional autonomy--a position Rome is unlikely to accept. The prospect of a compromise has been made even more remote by the extreme statements of Franz Gschnitzer, state secretary in the Austrian Foreign Ministry, who is close to Chancellor Raab.

Austrian Foreign Minister Kreisky has repeatedly declared that he will permit these talks

to continue only until the end of the year, but he has not clearly indicated what action he intends to take thereafter. He has received no encouragement in his primary objective of provoking outside mediation--preferably by the United States--failing which, he seems determined to "internationalize" the dispute. Although Vienna would probably accept recourse to the International Court of Justice if proposed by Italy, Kreisky is believed to prefer an appeal to the UN General Assembly on the grounds that the dispute is urgent and political and not merely a legal matter.

Such moves could presumably trigger South Tirolean disturbances. Kreisky told Ambassador Matthews on 10 December that nationalist agitation is increasingly directed toward demands for full self-determination, and that he is convinced "terrorists" may soon resort to "direct action." While it is in Vienna's interest to paint the picture as black as possible, its predictions that "an early explosion

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****23 December 1959**

25X1

is almost inevitable" may reflect a real growth of tension in the area.

The domestic political situations in both countries hold little promise that either government will be able to urge restraint. All the Italian parties are "nationalist" on the South Tirol problem, and

the Segni government is particularly dependent on the rightists, who are least disposed to offer concessions. In Vienna the two coalition parties are vying with each other for the applause and support of the extremists in the South Tirol and the voters in the North Tirol and the country in general.

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**GROWING COMMUNIST ACTIVITY IN EL SALVADOR**

El Salvador's small, well-organized Communist party, outlawed in 1952, has made notable headway recently, principally because of past leniency on the part of President Lemus' three-year-old administration, but also because of some indirect help from Cuba. Increased extremist activity has been noted among peasants and in the trade unions, and was most strikingly illustrated in student disturbances during the 14 December celebration of the 1948 revolution. The government now is becoming concerned over these developments and is preparing

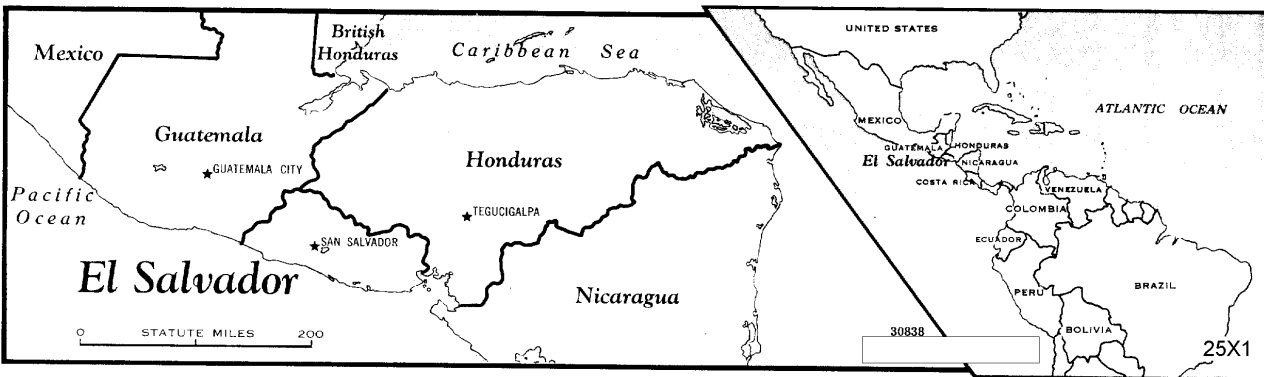
to take firm measures to counteract them.

The immediate goal of the Salvadoran Communist party (PCS) probably is to regain legality before national elections are held in 1962. The party is directed in these efforts by a strong nucleus of dedicated leaders, many of them trained in Sino-Soviet bloc countries. PCS membership, now estimated at 600, has been increased since 1956 by the return of members and sympathizers exiled by previous administrations.

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959



El Salvador, economically one of the most stable of the Central American republics, has provided the Communist leaders with relatively few outstanding economic issues, but they have been energetic and skillful in agitating on political matters. They have repeatedly attacked a new electoral law, demanding that it be amended along lines more favorable to them. They have also succeeded in organizing several recent public rallies which were characterized by open criticism of the United States--a theme largely absent from Salvadoran politics in recent years.

Cuban assistance for this Communist agitation has been shown in several ways. A number of the Communist-instigated anti-US rallies were ostensibly in support of Fidel Castro, and the Cuban ambassador, whose re-

call has since been demanded by the Salvadoran Government, was active in promoting these. In September a Cuban plane brought in a cargo of leftist literature.

The Salvadoran Government, however, now is increasingly concerned over the Communist threat. After the 14 December celebration resulted in extensive student denunciations of the government and some rioting, the Lemus administration made its first arrests of prominent Communists.

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**THE CUBAN SITUATION**

The small anti-US clique around Fidel Castro is consolidating its control of important groups. Anti-Communist labor leaders who defied him during the recent Cuban Workers' Confederation Congress

are rapidly and ruthlessly being purged, probably on orders from his brother Raul. Some are under such strong attack that they have sought asylum in foreign embassies.

**SECRET**



**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

The Cuban Medical Association, whose strong Havana branch defeated a revolutionary slate of officers in elections on 1 December, elected a protégé of pro-Communist "Che" Guevara as president on 20 December, reportedly after heavy pressure from the government.

The regime's most important entity, the National Agrarian Reform Institute, has extended its control over production and marketing of an increasing number of commodities, including the sale of all minerals from Oriente Province, center of Cuba's considerable mineral wealth.

Meanwhile, in furtherance of its proclaimed neutralist foreign policy, the Castro government established diplomatic relations with Ghana and Tunisia on 21 December and announced plans for relations with 16 other Afro-Asian countries. This is in preparation for the congress of underdeveloped nations which Foreign Minister Roa recently announced would be held in Havana in mid-1960. Cuba apparently hopes by these actions to assert its leadership of the "third position" in Latin America and to attract other countries to the Cuban stand in defiance of the United

States and the Organization of American States.

Opposition to Castro remains disunited and ill defined, but he apparently is obsessed by the desire to eliminate every vestige of criticism. His frequent inflammatory speeches of the past fortnight have stressed the class struggle--a concept he previously specifically rejected --and he has implied that the trained professional class lacks true devotion to the revolution. He exhorted the masses to ferret out and report anyone suspected of impeding the revolutionary program. On 22 December the cabinet authorized the confiscation of property belonging to anyone in Cuba or abroad who is convicted of counterrevolutionary activities, a category constantly broadened by Castro's definitions.

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These efforts to arouse Cuban suspicions and emotions in defense of the revolution give substance to reports that the government plans to provoke mass demonstrations and possibly mob action against alleged counterrevolutionaries. Such demonstrations would probably have a strongly anti-US tone.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

**PART III****PATTERNS AND PERSPECTIVES****YUGOSLAV RELATIONS WITH THE UNDERDEVELOPED COUNTRIES**

Since the breakdown of the rapprochement with the Soviet bloc in November 1957, Yugoslavia has stepped up its political, economic, and propaganda overtures toward the underdeveloped and uncommitted nations. Belgrade probably believes this effort--entailing the promotion of its system of economic development and the virtues of nonalignment in political blocs--will bolster its position as an independent political entity and increase its economic independence. A side effect has been to put Yugoslavia in competition with the Sino-Soviet bloc in certain countries.

Party executive committee member Vukmanovic-Tempo wrote an article in the party daily Borba on 10 November entitled "Cooperation With the Socialist and Progressive Movements of the Latin American Countries" which is illustrative of Yugoslavia's growing interest in the underdeveloped nations. His observation of a "certain coincidence of interests between our country and every other country of Latin America individually" is a proposition that Belgrade also promotes among the underdeveloped nations of Africa and Asia. Such a "coincidence of interests" is based on strong nationalism, nonalignment, and noninterference in the affairs of other countries.

The Yugoslavs have frequently referred to their history as an "underdeveloped and exploited nation" in an effort to prove their harmony

of interest with countries with which they are seeking to improve relations by increasing exchanges, developing credits, and offering technical advice and training. The method of operations varies from country to country and depends on such factors as social development, raw material resources, and suitability as a market for Yugoslav goods. The international prestige of a target area, such as India, also has considerable import for the formulation of Yugoslav policy.

**Political Activity**

Belgrade now has diplomatic relations with 41 "underdeveloped" or "uncommitted" nations. It established ambassadorial-level relations with the UAR in February 1958, with Ghana in January 1959, and with Guinea in November 1959. The Cuban revolutionary government was recognized in January 1959, and an exchange of ambassadors was arranged in October.

Apart from formal diplomatic relations, Belgrade also promotes the exchange of political and other delegations at all levels. In the first eight months of 1959, 59 delegations visited 27 underdeveloped countries. President Tito himself toured Asia and Africa from late December 1958 through February 1959 and was received by Nehru, Sukarno, Nasir, Haile Selassie, and other leaders. This form of personal diplomacy has also included recent visits to Belgrade by Afghan Vice Premier Naim and Cambodian Premier Sihanouk.

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

Another activity designed to increase Belgrade's influence in underdeveloped areas is the training of foreign nationals by Yugoslav experts. Tito has sent personnel to help direct the Ethiopian Bureau for Planning, while Sudanese military personnel and UAR agricultural students have been trained in Yugoslavia.

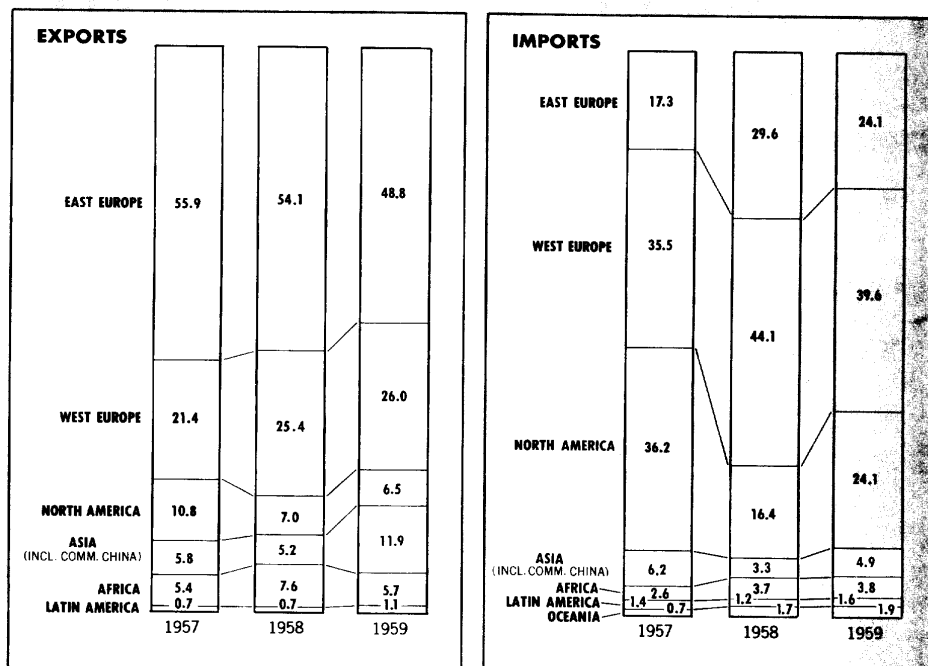
tamount to de facto recognition of the Algerian Provisional Government.

Foreign Secretary Popovic's appeal to the 1959 UN General Assembly for greater UN participation in capital investment in the underdeveloped countries is consonant with Belgrade's basic objectives of nonalignment and a voice for the small countries in all world affairs, and it cannot fail to impress the peoples of the underdeveloped nations of Yugoslavia's interest.

Economic Activity

The reception of Algerian representatives by Belgrade has been tan-

The use of delegations for expanding and strengthening relations has also proved

**DISTRIBUTION OF YUGOSLAV FOREIGN TRADE**  
 (FIRST SIX MONTHS OF 1957, 1958, 1959)


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23 DECEMBER 1959

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**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

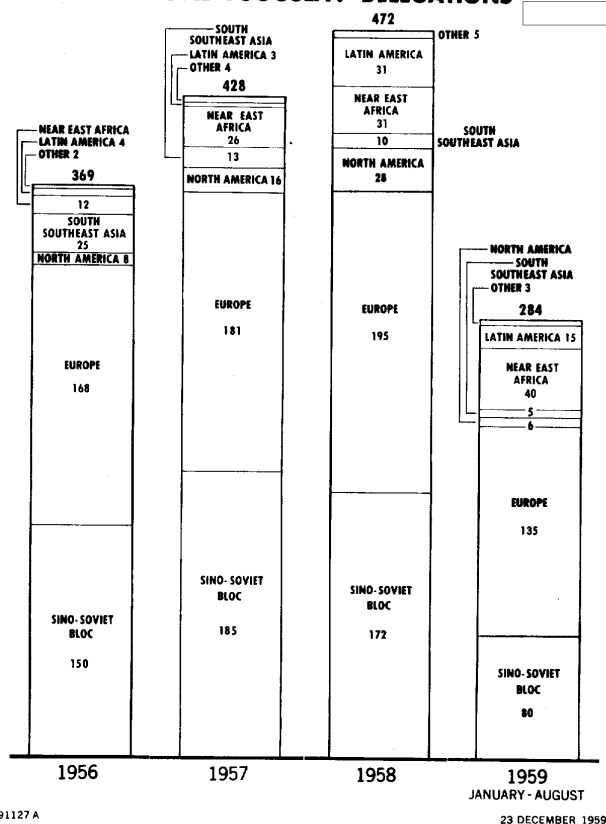
23 December 1959

successful in the economic sphere. Federal Executive Council member Vladimir Popovic's tour of ten Latin American countries in August 1959 reportedly laid the groundwork for six new economic agreements. The warm reception he received indicated that the visit did much to strengthen Belgrade's position in the area.

via's total imports and 18.7 percent of its exports that year were outside the Soviet bloc, Western Europe, and North America.

Yugoslavia has also extended within the past year important development credits: \$15,000,000 to Ceylon for capital equipment investment purchases, \$10,000,000 to Indonesia for ships and electrical equipment, and \$10,000,000 to Ethiopia for textile and gold-mining equipment.

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**OFFICIAL YUGOSLAV DELEGATIONS****The "Neutralist" Leaders**

Much of Belgrade's effort is directed toward the three so-called neutral leaders--the UAR, India, and Indonesia--because success with these three has generally had a favorable effect in developing relations with neighboring states like Ethiopia, Sudan, Burma, and Cambodia. The nature of Belgrade's political interest in these countries is evident in Tito's personal warnings to Nasir on the dangers of Soviet Communism, and in the exchange of letters by Tito, Nehru, and Nasir underscoring their identity of international interests.

These three nations also are more important trading partners and are visited by more delegations than are other uncommitted states.

The gains Belgrade has made in its foreign policy offensive toward the underdeveloped areas have involved only limited foreign trade. UAR trade amounted to only \$28,193,000 out of total foreign trade of \$1.126 billion in 1958, and exports to India amounted to only \$7,220,000 out of a total export trade of \$441,400,000. Only 12.2 percent of Yugosla-

Yugoslavia's politico-economic expansion effort in Indonesia may be viewed as typical of Belgrade's approach to other underdeveloped countries. Relations, increasingly cordial in recent years, have included

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

Sukarno's visit to Belgrade in 1957 and Tito's visit to Djakarta in late 1958. This year the two nations exchanged military delegations. The Yugoslavs have trained Indonesian military personnel, and Djakarta has purchased six Yugoslav naval patrol craft. In addition, the two nations set up a joint economic commission and signed a cultural cooperation agreement.

These activities have served to open up a market for Yugoslav goods, provided Belgrade with Indonesian raw rubber, and produced a statement from the Indonesian second secretary for economic affairs to the effect that his country would try to implement some Yugoslav methods in the development of its industry.

An interesting footnote on Belgrade's concept of neutrality is the fact that while it backs Cairo's ban on Israeli shipping in the Suez Canal and gives general support to the Arab position, it also conducts several million dollars' worth of trade with Tel Aviv each year. This position of equal treatment for strong, though small, neutrals like Israel is carefully cultivated.

Latin America

Belgrade has recently stepped up its efforts to improve relations with Latin America while continuing its campaign in other areas. Trade Union President Vukmanovic-Tempo's trip in October to several Latin American countries to improve relations with trade union groups was a move toward this

goal. The trip was preceded by a significant expansion of diplomatic activity in the area.

Latin America provides a fruitful ground for Yugoslav activity because of the vigor of its revolutionary and nationalist forces and the well-developed trade union movements in the area.

Yugoslavia, as the Popovic economic mission in August suggests, may be trying to develop markets for its goods and raw material requirements well in advance of its economy's expanding needs. It may also foresee the loss of its Asian markets, with the growth of Communist China as a competitor. Belgrade's new interest in Latin America coincides with the entire Sino-Soviet bloc's intensified interest there.

Cuba has been a particular object of the Yugoslav campaign. This may largely be on initiatives from Cuba, which Belgrade seems to be encouraging to develop into another leading member of the "uncommitted" neutral nations. Two high-level delegates visited Havana within three months this year.

Some of the varied political methods Yugoslavia employs to build its position can be seen in Chile, where there is a Yugoslav minority still conscious of its origins. Radio programs have been sponsored by local Yugoslav friendship clubs, and a newspaper, the Yugoslav Herald, is published under the unofficial control and auspices of Belgrade's ambassador.

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**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

**SOVIET GROUND FORCES TRAINING DURING 1959**

During the Soviet ground forces training year, which ended on 30 November, further progress was made in the program of modernization in the army. As far as can be judged, training objectives were met on schedule, the level of combat effectiveness of the ground forces was maintained and possibly improved, new equipment was introduced, and new techniques were tried out.

**Infantry and Armor**

The basic mission of the infantry and the general manner of its employment did not change during 1959. The ratio of infantry to other arms has remained about the same, with the infantry's effectiveness greatly increased by additional mobility. The introduction of armored personnel carriers should result in a reduction of infantry casualties.

The most significant development with respect to armor has been the tentative identification of a new type of tank division--the "heavy tank assault" division--which may be built around the T-10 heavy tank, supported by self-propelled assault guns and infantry. The organization and equipment are not known in detail, but the division probably can function either with a tank army or independently as part of the GHQ reserve.

River crossings by armored forces were frequently observed. Combined-arms units were used to establish a bridgehead and penetrate enemy river-line defenses. Prior reconnaissance on both sides of streams was carried out by elements equipped with amphibious tanks.

In rapid crossings, tank elements no longer wait for a bridge to be thrown across the river, but are rafted or ferried across so that any breach in the enemy defenses can be exploited without delay. On several occasions medium tanks equipped with snorkel devices were seen in submerged movements, but no mass underwater crossings of armored units were noted.

**Artillery and Missiles**

Continued emphasis was placed on improving the effectiveness of artillery by more rapid massing and shifting of fires. The importance of tactical rockets was underlined by the fact that at the anniversary parade in Moscow on 7 November, the only new weapon displayed was a 17-tube, 140-mm. multiple rocket launcher. Anti-



NEW SOVIET 17-TUBE ROCKET LAUNCHERS (ESTIMATED 140-MM)

aircraft artillery developments during the period included the deployment of surface-to-air missile units into forward areas and the possible introduction of proximity fuzes for ammunition fired by antiaircraft guns.

While the subordination of guided-missile units is not known, it is probable that missile units in forward areas are integrated into the operational plans of the local ground force commanders. Surface-to-air missiles were deployed into East Germany in 1959, and at least the preliminary steps were taken to

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

25X1

deploy medium-range surface-to-surface missiles.

**Training in Contaminated Areas**

Armored units in 1959 received training in operations under simulated contamination with both chemical and radiological agents. Methods of training tank units in this technique were described in Soviet military literature during the period. The protection offered by armor against contamination was stressed in training, and during the summer there was one instance of an armored company moving into an area which had just been subjected to simulated atomic bombing by friendly aircraft.

**New Equipment**

A new amphibious, four-wheel, armored personnel carrier has appeared with reconnaissance units in East Germany. Used together with the amphibious tanks of the reconnaissance

element of the tank division, this vehicle permits deep reconnaissance unhampered by streams.

Important modifications on tanks and tracked armored personnel carriers were made in 1959. Two types of snorkel devices were introduced to assist tanks in underwater movement. The first was a tube about five inches in diameter with a radio antenna mounted inside. Later, a second type, the "smokestack" snorkel, [redacted]

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[redacted] appears to be a hollow sectional tube of sufficient diameter to enable a crew member to climb to the top inside the snorkel itself. Either snorkel tube can be used with the T-34 or T-54 tank; tanks equipped with either are able to move submerged through water as deep as 20 feet.

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Soviet tracked armored personnel carriers have been given good overhead protection for the troop compartment by

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**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

the addition of armored "roofs."

**Conclusions**

In general, the innovations observed during the 1959 training cycle, both in tactics and in equipment, indicate the following trends in Soviet planning:

1) Increased emphasis on the rapid exploitation of breaches made in enemy defenses by atomic strikes. This exploitation is to be accomplished by tank and infantry

teams moving through the contaminated area immediately.

2) Extension of the battle area both in width and depth. This has been fostered by new river-crossing techniques.

3) Increased capacity for independent action by provisional groupments of smaller than division size. This development has accompanied the introduction of tactical atomic weapons and the increased mobility of Soviet infantry units.

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**THE NE WIN REGIME IN BURMA**

The regime of General Ne Win, which was elected to office in October 1958 following an army ultimatum, has concentrated on the reform and revitalization of civil affairs in Burma. Military operations against the country's insurgent elements have been pursued only at a low level. Foreign policy has been formulated within the inherited framework of neutralism, although an increasingly anti-Communist tone has emerged. The government has shown a vigor, authority, and efficiency which had been missing from Burma since it achieved independence in 1948.

Ne Win's regime is military, despite its facade of a civilian cabinet and its adherence to constitutional and parliamentary procedures. All major decisions are taken either by Ne Win himself or his military subordinates, and all major programs have been administered by military personnel attached to various ministries. Since the military administrators are

not dependent on popular support, government decisions have been carried out with unusual dispatch, and Burmese



NE WIN

citizens, for the most part, appear pleased with the results.

**Material Progress**

Shortly before the new regime formally took office, army

**SECRET**



**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

units throughout Burma symbolically swept and cleansed pagodas and temples. The military regime has carried out a relentless clean-up campaign. The incompetent Rangoon city administration was discharged and an army colonel installed as administrator. Under his supervision, soldiers, civil servants, and "volunteers" have renovated the city--removing decade-old refuse piles, restoring the sewer system, repairing the streets, and removing squatter huts. Squatters have been resettled in planned suburban "satellite" villages. Other municipalities have followed suit.

Military administrators have overhauled the public transportation and communications systems and sharply improved service and security. Government employees have been strengthened in their authority and shuffled in an effort to eliminate political hacks. They are required under threat of dismissal to maintain posted office hours.

In the economic field an equally vigorous campaign has been waged against "economic insurgents"--profiteers and black marketeers. Regulations inherited from previous administrations have been enforced through threats of prosecution, cancellation of operating licenses, and, for aliens, deportation.

The government has exacted repayment of long overdue agricultural, commercial, and industrial loans, and political favoritism has been reduced. In some cases the government may have gone too far in its efforts at economy. Import licenses have been restricted and price and profit

margins fixed by government order--sometimes too low for successful business ventures. Nevertheless, the Burmese cost-of-living index has declined.

The military regime has attacked political corruption and politically protected criminals. Two former cabinet ministers have been indicted for illegal activities. Under the close scrutiny of security officers, crimes of violence have been sharply reduced. Communists and Communist sympathizers have been placed under close government scrutiny, and the radical student unions have been repressed and disciplined. The government reform programs, dis-regarding student protests, have upgraded university educational standards.

Anti-Insurgent Activities

On the surface, the Ne Win regime's record against the ethnic and Communist insurgents has been undramatic. Through continuous pressure and effective propaganda, however, it appears to have reduced the insurgent threat to its lowest level since independence. Instead of the all-out offensive predicted when Ne Win took office, the army has quietly carried out only limited company- and battalion-size operations.

The Burma Communist party of Thakin Than Tun has apparently given up its effort to maintain its own territorial jurisdiction and has joined forces with the Karen National Defense organization, which operates mainly in eastern Burma. This merger, however, does not appear to have strengthened the insurgents significantly.

In only one area--in the northeastern Shan State--has

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

there been an increase in insurgent activities. Shans, protesting the surrender of their princes' governing powers, have revolted. It appears, however, that the army, in cooperation with the Shan State government, has been fairly successful in dealing with these new forces as well.

**Foreign Relations**

In foreign affairs the Ne Win regime claims to adhere to the policy of neutrality inherited from the previous regime. Its leaders feel that factors of size, economic development, and location give Burma little choice. However, its policies, formed primarily with regard to internal conditions, include a marked anti-Communist bias in foreign affairs.

Army propaganda has been expanded to attack foreign as well as Burmese Communism; government economy efforts have resulted in cancellation of five of eight Soviet aid projects. Three attempted defections from the Soviet and Chinese embassies in Rangoon, two of which were successful, have increased the government's distaste for the bloc. The Soviet Embassy's heavy-handed disregard of Burmese sovereignty in its forcible repatriation of a military attaché and its shielding of a TASS correspondent from a libel suit in the Burmese courts were widely criticized. Peiping has also undermined its standing by its suppression of the Tibetan revolt and its current border controversy with India.

While government economy moves have also meant the termination of contracts with Western consultants, these have been replaced in part, as the

Russian projects have not, by American grant-aid projects and military purchases. An increasingly close working relationship between Burma and the United States has resulted.

Relations with Communist China have continued to be an overriding concern of the Burmese Government. The Ne Win regime has sought to maintain the officially correct relations it inherited and to obtain a final settlement of the long-standing border issue. In June, Burma proposed a "package deal" as a "final offer," conceding most of Peiping's territorial demands in an effort to get a treaty signed before Ne Win leaves office. Although Burmese pressure continues, there is little likelihood that Peiping would be willing to grant the prestige of a settlement to anti-Communist Ne Win when it has refused the more neutralist former Premier Nu.

**National Election Prospects**

Premier Ne Win declares his regime is an "interim" or "caretaker" government, holding power only until "fair and free" elections can be held. His government formally relies on Parliament to approve his legislative proposals, and he has announced national elections for 6 February 1960. He has announced, also, that no army personnel will stand for election and has ordered the army to remain neutral in the forthcoming political contest. Nevertheless, political parties of all shades have suffered setbacks during his administration.

The leftist National United Front (NUF) has suffered the greatest decline.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

23 December 1959

25X1

the army has arrested its leaders and its official membership has been decimated.

Next to the NUF, Nu's "Clean" faction of the Anti-Fascist People's Freedom League (AFPFL) has suffered most severely. Following the AFPFL split in 1948, U Nu carried with him a number of the party's unsavory leaders, some of whom have been arrested and indicted for criminal activities.



U NU



U BA SWE

Former Premier Ba Swe's "Stable" AFPFL faction, although tarred through association with Nu's corrupt colleagues, has probably suffered least at the hands of the government and is considered to have the country's best political organization. On the other hand, since the "Stable" faction has enjoyed the patronage of the army, it appears to be bearing the brunt of urban protests against the arrogance of local army units. This appears to have played an important role in the "Clean" faction's recent sweeping victories in a number of municipal elections.

At the present time, Ne Win's army subordinates, perturbed by the pro-Nu trends of

local voting, may attempt once more to gain Ne Win's support for postponing the national elections. The dissolution of the Chamber of Deputies on 19 December suggests Ne Win's determination to prepare for elections. Short of a major domestic crisis, army leaders are apparently left with the alternatives of risking a return of Nu to the premiership or, less likely, of intervening directly in the elections on behalf of Ba Swe and his "Stable" candidates.

If U Nu wins, however, it appears certain that he will remain under the close surveillance of the army. Having successfully displaced U Nu's leadership in the past, the 25X1 army will not be hesitant in reasserting its control in the event of future crises.

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